(c) the names of the States which have revised the rates; and

(d) whether the decision had the approval of the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) VAT is a State subject under Entry 54 of the State List of the Constitution of India. The design of VAT, including the rates of tax, has been finalized by the States collectively, through the deliberations in the Empowered Committee of State Finance Ministers (EC). As per the information received from the States/UTS, NCT of Delhi, Himachal Pradesh, Haryana, Punjab, Orissa, Maharashtra, Goa and Meghalaya have deviated from the rates finalised by the EC in respect of certain commodities.

(d) VAT being a State subject, the States have the legislative competence to fix or revise the rates of tax under VAT. However, as per the formula for compensation to be given to the States for any revenue loss on account of introduction of VAT, the Central Government shall provide compensation only on the basis of the VAT rates approved at the time of finalization of the compensation package, *i.e.* 27 January 2005, with a few exceptions which have been specifically agreed to.

Difficulties of farmers in getting loans

†1610. SHRI R.S. GAVAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the farmers in the country have to face many difficulties in taking loan from the banks;

(b) whether Government propose to issue any guidelines to provide loan to the farmers in time;

(c) if so, the details thereof;

(d) whether Government propose to make such arrangements so that the farmers may get loans within ten days from the date of submission of their applications;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (f) Farmers in the country do face certain problems in terms of out reach as well as access to credit. The total amount of loans disbursed to Agriculture by all institutionalized agencies including Commercial Banks, Co-operatives and RRBs during the year ending 2004-05 were Rs. 1,15,243 crores. However, to mitigate the problems of farmers Government of India/RBI/NABARD have taken following steps to provide hassle free and timely credit to farmers:—

(i) Reserve Bank of India has issued instructions to Commercial Banks that under priority sector including all loan applications upto a credit limit of Rs. 25,000/- should be disposed of within a fortnight and those for over Rs. 25,000/- within 8 to 9 weeks.

(ii) The banks have been asked to simplify the procedure for sanction of loan.

(iii) One page documentation has been circulated among banks for adoption.

(iv) Reserve Bank of India has instructed banks not to insist on collateral or margin for loans upto Rs. 50000/-

(v) Banks have been asked to issue Kisan Credit Cards to all eligible farmers.

(vi) Financing of Self Help Groups is being emphasised.

(vii) A Project has been initiated for lending by banks to joint liability groups of tenant farmers and oral lessees.

Incentive to officer/staff posted in Island

1611. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to refer to answer to Starred Question 186 given in the Rajya Sabha on the 14th December, 2004 and state:

(a) whether it is a fact that officer/staff settled in one island posted to some far flung island, have to leave their families behind and manage double establishments as they cannot commute daily from the far flung island which at times take more time to reach than travelling from mainland; and